

The *New* SBA

The **Small Business Administration's** Columbus District office is leaner, faster and more user-friendly since **Thomas Mueller** took over in 2003.

BY BOB STEIN

Photos by Tim Johnson

Amy Lozier and entrepreneurs like her are the reasons Thomas Mueller goes to work every morning. Mueller is the director of the U.S. Small Business Administration's Columbus District office, and his 14th-floor office at 2 Nationwide Plaza is an easy walk from Lozier's Omega Artisan Bakery in the North Market. Mueller assumed his SBA post in December 2003, just a few months

after Lozier's bakery was up and running—with a \$25,000 financial boost from an SBA-guaranteed loan.

"People like her really are the ones driving the economy and keeping the country going," Mueller says. "They're risking everything, their time and effort, to make something work. They're not just sitting back. ... I think she's doing a great job."

Spend a few minutes talking to Lozier

about bread, and it's easy to see why Omega Artisan Bakery has been so successful since she opened for business in August 2003. "I don't consider myself an artist, but it is a craft," Lozier says. "I don't see it as a manufacturing process, although I see it very seriously as a business. But the *craft* of making bread: Every single loaf we make is touched by hand. It's shaped by hand. We have very few pieces of equipment."



SBA Director Thomas Mueller pays a visit to Amy Lozier, who owns Omega Artisan Bakery in the North Market. Lozier has been able to hire three full-time workers and four part-timers since receiving her SBA funding.

When Lozier looked around Columbus two years ago and found few, if any, vendors who saw making bread the same way she did, she decided to do something about it. "There was no place in town to buy the kind of bread I wanted to buy—that I wanted to eat," she says.

Although Lozier and her husband could have financed the project privately, there were plenty of other expenses—tuition for a daughter attending college, for example—with claims on their personal financial reserves. So Lozier opted for bank financing through an SBA micro-loan program.

"I felt very strongly that I would prefer to have a partner that's a bank, and in particular I felt it would be easier to get a loan—as a woman and someone who hadn't worked in a bakery—with an SBA approval, an SBA guarantee," she says.

As a federal agency, the SBA is open to all the usual suspicions about government programs: lots of red tape, insensitive bureaucrats, long waits, arbitrary decisions. But Lozier says that's not what she experienced while attending SBA-sponsored small-business seminars, including those run by the Service Corps of Retired Executives (SCORE), and securing her \$25,000 loan through National City Bank.

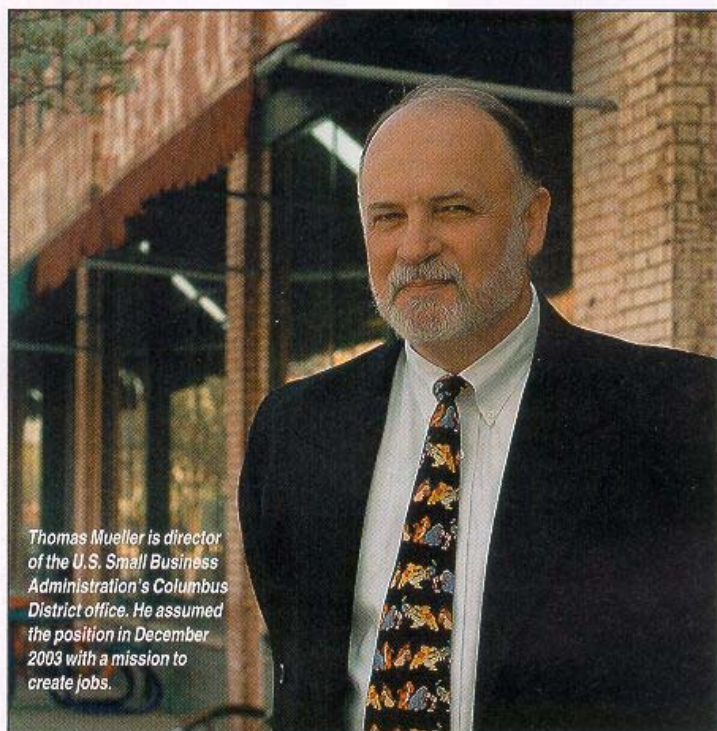
"The process was so fast," she says. "Once everything got in, it was within 24 hours we got an answer and then it was, I think, only 48 hours after that that it came back on paper. It was just so much faster than I expected. I mean, I haven't dealt a lot with the government, but you know how you think about that. You think, oh, it's going to be eight weeks, it's going to be 12 weeks—what am I going to do in the meantime?"

Since receiving her seed money loan, Lozier has grown Omega Artisan Bakery from a business where she had only two part-time employees and worked 18-hour days to an enterprise that employs three full-time workers and four part-timers.

In other words, Lozier is creating jobs, which is a big part of the SBA's mission. "I hope to create more," she says. "It's my deepest hope to create more. I like the idea that the money I pay in taxes is going to help people create jobs that keep money in the community, rather than just a very, very large corporation. I like the idea of the SBA not just giving loans, but they also have classes like SCORE, which is remarkable."

Mueller's Mission

Mueller has a big fan in Brad Shimp, executive director of the not-for-profit Community Capital Development Corp. (CCDC), which works with the SBA on both lending and training programs. Shimp says Mueller is "doing a great job. He's really put a focus on marketing and getting out there to the banks



Thomas Mueller is director of the U.S. Small Business Administration's Columbus District office. He assumed the position in December 2003 with a mission to create jobs.

and talking about the programs. He's really pushed that. He calls me periodically and asks how business is. I feel like we're a partner in this whole thing, because he has goals he wants to meet. I obviously want to do deals, and I feel like we're partners."

Will Bowdish, a vice president at National City charged with directing the bank's Ohio and Kentucky SBA loan programs, has a similar take on Mueller. "My impression was he took the first couple months to understand the market and what the needs were here," Bowdish says. "I think he did a nice job meeting with us and other entities to see what our needs are. ... I think we see Tom carrying out the mission of the new SBA, and I think we're going to see that happen effectively."

The "new" SBA, Bowdish says, is leaner, faster and more user-friendly than it has been in his nearly 10 years working with the SBA at National City. "We're pleased with the changes because we can make quicker loan decisions ... and get the deals booked and closed faster than we ever could before," Bowdish says.

"They have encouraged lenders to do a lot more small-business lending in small amounts versus traditionally what were larger-dollar-amount loans that we used to focus on. We're doing a whole lot more of them," he says. "The role of the district has changed somewhat as SBA has been changing. It's changing the district offices

from where they historically were the folks who analyzed the loans and approved them. Tom has fit well into that."

Indeed, the past few years have seen the SBA consolidate in Sacramento, Calif., many of the loan approval functions that used to be handled locally, leaving regional offices such as Mueller's to act as evangelists for the SBA's core mission: job creation through small-business growth. In Ohio, a state reeling from the exporting of manufacturing jobs, that is no small task.

"We are more into outreach. We're in lender relations," Mueller says. "We're talking to a lot of banks all over the state. Ohio is in the bottom 20 percent as far as loans for small businesses. There are two states, New Hampshire and Maine, that have done five times the number of SBA loans than we have done in this state, per business."

Why the low rate of lending? "Some people think that it may be conservative banks; other people think it's conservative Ohioans who just don't want to borrow money," Mueller says. "I think it's a combination of both."

Whatever the reason for Ohio's lagging past performance, Mueller says the SBA's outreach efforts seem to be bearing fruit. He says his office has seen an increase of more than 40 percent in its rate of 7(a) loan guarantees in 2005, following 26 percent and 28 percent increases in the previous two years. A 7(a) loan is the SBA's primary

business loan program to help qualified small businesses obtain financing when they might not be eligible for business loans through normal lending channels. It also is the agency's most flexible business loan program, since financing under this program can be guaranteed for a variety of general business purposes.

Shimp says his office is seeing growth similar to that described by Mueller. "In the year 2003 I think we had 26 loans approved, which was not very good for us," Shimp says. "This past year we had 54 loans, so that's almost double."

The SBA also has loosened geographical restrictions on where agencies such as CCDC can operate, allowing CCDC to expand its reach beyond Central Ohio, across the state and even into some contiguous counties outside Ohio.

The growth is due both to the SBA's new focus on small business outreach and training, and to the streamlined loan approvals, Mueller says. "It's working because lenders don't want to delay the loans to customers. It's their bottom line and profit," Mueller says. "If they've got to wait a couple extra weeks to have it reviewed here, they could lose that customer."

Measuring Success

While a mission of the SBA is to create jobs, Mueller and his cohorts are surprisingly modest when it comes to claiming

credit when those jobs actually are created. "It's very tough to determine whether these businesses are succeeding because of us," Mueller says.

"You never really know if success three years down the road was due to us, or the economy, or their skill sets or all these number of things," says Scot Hardin, a loan specialist officer in the SBA's Columbus office. "To try to take credit for it after the fact, which of course we would do, is obviously a lot of work—calling people back up, asking them how they're doing and did they feel that our loan was the difference between them being viable or not being viable. Of course they never really want to answer that question; people really never like to answer that question."

Agencies that work with the SBA, such as CCDC, are forced to track such figures, with the objective of reaching a full-time job created for every \$50,000 in loans. "When our loan officer goes out there, we ask how many full-time equivalents they have," Shimp says. "Two years after they've borrowed our money, we send a letter asking for how many jobs they have now. If we did \$18 million in loans, we're supposed to create 360 jobs."

"There are some exceptions to that: if it's in an empowerment zone, if it meets a public-policy purpose. If it's a manufacturer, it's one job for every \$100,000. Woman-, minority-, veteran-owned business, the job

requirement is waived. But our mission is still job creation."

Shimp says the SBA does not track jobs created at individual businesses, but rather looks at the total portfolio of SBA loans to see if lending institutions are meeting the job-creation goals. So a company like Lozier's Omega Artisan Bakery, which has generated the equivalent of five full-time jobs with only \$25,000 borrowed, is a net-gainer for National City.

At the very top end of the net-gainer spectrum is a company like Dayton's MTC Technologies. According to Eugene Grant, a business opportunity specialist in the SBA's Columbus District office, MTC participated in an 8(a) loan program, generally reserved for ethnic minority entrepreneurs. MTC started life in 1984 with one employee and now employs more than 2,500 across the country. "They're trading on Wall Street," Grant says.

Surprisingly, Mueller says he would like to see the job-creation requirement waived for manufacturers who seek SBA-backed loans, despite the dearth of such jobs in Ohio, to encourage more manufacturers to stay put. "We want to encourage people to fight the good fight and stay and invest and build manufacturing in Ohio," Mueller says. "If we don't, what's going to happen? How are we going to have a defense? If we have no manufacturing capability here in a time of war, what's going to happen?"

"We think to be in manufacturing today is very high risk," Mueller adds. "You gotta really salute those guys, people who are willing to keep fighting in manufacturing. That's a tough way to go, but you have to do it. Somebody has to do it, so those that are doing it, that's a great thing to me."

In Transition

Moving forward, the SBA's changing mission as a facilitator for new entrepreneurs and small businesses will force it to find more and better ways to get lenders and borrowers to the table, says Douglas Sweazy, a business development specialist in the SBA's Columbus office.

"We're in transition," Sweazy says. "I think the chapter's not been written yet on exactly what an office like this is going to look like. It's still evolving, so that's where we are."

"We're all trying to figure out new ways. What is the best way? We're always, constantly questioning," Mueller says. "Right now, we have decided that going out and visiting lenders and getting out there with the public is the best way to make an impact. As time goes on we could change, but until we come up with a better way to make an impact, we'll continue to do that." ♦

Bob Stein is a technical communications instructor at Columbus State Community College.

Article reprinted with permission from **Columbus CEO Magazine**.